

Congress of the United States
Washington, DC 20515

November 19, 2014

The Honorable Richard Cordray
Director, Consumer Financial Protection Bureau
1700 G Street, N.W.
Washington, D.C. 20552

Director Cordray,

Over the next two years, hundreds of thousands of Americans will install rooftop solar panels on their homes, according to the U.S. Energy Information Administration's *Annual Energy Outlook 2014*. We are supportive of this trend because solar is a key component of America's energy future. However, as the industry rapidly expands, we must be vigilant in protecting consumers from any misleading sales practices.

While the cost of rooftop solar systems dropped 12-15 percent last year, the up-front cost of rooftop solar panels is beyond the financial means of most U.S. households. As a result, many Americans are drawn into the solar market by the promise of a zero-money-down solar lease. Industry analysts predict that 68 percent of rooftop solar installations will be financed through third-party leases in 2014, a growth of over 20 percent since 2011. A customer who signs a solar lease does not own the panels but contracts for the electricity produced by the system for 20 or more years. The initial attractiveness of a "no money down" long-term lease may incentivize the installation of rooftop solar. However, as was the case with the subprime mortgage crisis – easy initial financial terms, increased demand and a rapidly expanding industry can be high risk and ultimately harmful to consumers and the industry.

At the core of my concerns are reports that solar leasing companies may be overstating the economic benefits of signing a long-term solar lease while failing to disclose important information during the sales process. For example, customers are quoted savings each month on their utility bills. However, who calculates those estimations and are they accurate? Also, it is my understanding that early solar lease payments are teaser rates that make solar energy payments seem affordable. However, do these rates escalate over time and are consumers made aware of those potential increases?

Accordingly, I would appreciate your responses to the following questions:

1. What steps has the Consumer Financial Protection Bureau taken to investigate the possibility that misleading sales techniques are being employed in the rooftop solar industry?
2. What protections are in place to ensure that consumers who are considering entering into long-term solar leasing arrangements are made fully aware of the long-term implications of these transactions? For example, reports suggest that third-party leases may result in

escalating payments to home sellers in the event that subsequent buyers do not want the solar system or cannot assume the lease, thus complicating real estate transactions.

3. What has the Consumer Financial Protection Bureau done to investigate complaints that have arisen about the marketing techniques employed by some rooftop solar leasing operations?
4. Has the Consumer Financial Protection Bureau considered performing a staff review of third-party-leases in the rooftop solar industry and issuing recommendations on how we can better educate and protect consumers contemplating these transactions?

Given the rapid expansion of the rooftop solar industry underway and the importance of effective protections to the continued well-being of U.S. consumers, we look forward to your response to these questions within 30 days.


Sincerely,



Ann Kirkpatrick
Member of Congress



Ron Barber
Member of Congress



Kyrsten Sinema
Member of Congress



Gene Green
Member of Congress